Idaho Economic Forecast

The following tables and text are taken from the

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a publication produced by the

Division of Financial Management.

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EXECUTIVE SUMMARY

Idaho's economy is expected to slow, but not stop, over the forecast period. Nonfarm employment growth is forecast to downshift from 1997's 2.9% pace to 2.5% in 1998. It should remain at that level for the next couple of years, then jump to around 2.7% growth in 2000 and 2001. Idaho nominal personal income is projected to grow between 5.0% and 5.5% from 1997 to 1999. However, like employment growth, its pace will also quicken in 2000 and 2001. Idaho housing starts, another closely watched indicator of the state's economic health, is expected to rise gradually from about 8,600 units in 1997 to around 10,300 units in 2001. The state's population growth, which had risen as high as 3.0% in 1994, should advance about 2.2% over the forecast period. While the outlook for Idaho's economy calls for weaker growth than in the early 1990s, one thing has not changed: the Gem State should continue to grow faster than the national economy over the forecast period.

After surging in 1997, the U.S. economy is forecast to advance at a more sustainable level over the forecast period. Thanks to strong consumer spending and business investment, real GDP increased nearly 4.0% in 1997, which is well above the 2.0%-2.5% pace most economists consider stable. It is anticipated real GDP growth will move into that range this year, and remain there over the forecast period. This level of growth is consistent with low inflation. Consumer prices are expected to rise less than 3.0% annually through 2001. But this is not the only positive news. The combination of strong revenue collections and the federal budget reduction plan should create a small federal budget surplus in federal fiscal year 2002. On the other hand, the nation's merchandise trade deficit will persist. It should be pointed out that no recession is expected over the forecast period.

IDAHO ECONOMIC FORECAST
EXECUTIVE SUMMARY
JANUARY 1998

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
GDP (BILLIONS)										
Current $	6,244	6,558	6,947	7,265	7,636	8,082	8,419	8,748	9,145	9,578
% Ch	*5.5%*	*5.0%*	*5.9%*	*4.6%*	*5.1%*	*5.8%*	*4.2%*	*3.9%*	*4.5%*	*4.7%*
1992 Chain-Weighted	6,244	6,390	6,611	6,742	6,928	7,188	7,353	7,502	7,690	7,884
% Ch	*2.7%*	*2.3%*	*3.5%*	*2.0%*	*2.8%*	*3.8%*	*2.3%*	*2.0%*	*2.5%*	*2.5%*
PERSONAL INCOME - CURR $										
Idaho (Millions)	17,763	19,586	20,732	22,368	23,591	24,844	26,177	27,535	29,107	30,803
% Ch	*8.9%*	*10.3%*	*5.8%*	*7.9%*	*5.5%*	*5.3%*	*5.4%*	*5.2%*	*5.7%*	*5.8%*
Idaho Nonfarm (Millions)	16,955	18,450	20,082	21,695	22,824	24,099	25,424	26,749	28,294	29,961
% Ch	*9.3%*	*8.8%*	*8.8%*	*8.0%*	*5.2%*	*5.6%*	*5.5%*	*5.2%*	*5.8%*	*5.9%*
U.S. (Billions)	5,277	5,519	5,792	6,151	6,495	6,870	7,192	7,476	7,797	8,142
% Ch	*5.9%*	*4.6%*	*4.9%*	*6.2%*	*5.6%*	*5.8%*	*4.7%*	*3.9%*	*4.3%*	*4.4%*
PERSONAL INCOME - 1992 $										
Idaho (Millions)	17,762	19,076	19,714	20,731	21,355	22,036	22,834	23,522	24,287	25,096
% Ch	*5.4%*	*7.4%*	*3.3%*	*5.2%*	*3.0%*	*3.2%*	*3.6%*	*3.0%*	*3.3%*	*3.3%*
Idaho Nonfarm (Millions)	16,954	17,970	19,096	20,108	20,660	21,375	22,178	22,850	23,609	24,410
% Ch	*5.8%*	*6.0%*	*6.3%*	*5.3%*	*2.7%*	*3.5%*	*3.8%*	*3.0%*	*3.3%*	*3.4%*
U.S. (Billions)	5,277	5,376	5,508	5,701	5,880	6,094	6,275	6,388	6,507	6,635
% Ch	*2.6%*	*1.9%*	*2.5%*	*3.5%*	*3.1%*	*3.6%*	*3.0%*	*1.8%*	*1.9%*	*2.0%*
HOUSING STARTS										
Idaho	9,584	11,456	12,765	9,364	9,234	8,599	8,989	9,310	9,867	10,312
% Ch	*45.2%*	*19.5%*	*11.4%*	*-26.6%*	*-1.4%*	*-6.9%*	*4.5%*	*3.6%*	*6.0%*	*4.5%*
U.S. (Millions)	1.201	1.292	1.446	1.360	1.467	1.463	1.428	1.395	1.377	1.391
% Ch	*19.1%*	*7.5%*	*12.0%*	*-6.0%*	*7.9%*	*-0.3%*	*-2.4%*	*-2.3%*	*-1.3%*	*1.0%*
TOTAL NONFARM EMPLOYMENT										
Idaho (Thousands)	416.6	436.7	461.2	477.4	492.6	507.1	519.9	532.4	547.3	562.3
% Ch	*4.6%*	*4.8%*	*5.6%*	*3.5%*	*3.2%*	*2.9%*	*2.5%*	*2.4%*	*2.8%*	*2.7%*
U.S. (Millions)	108.6	110.7	114.1	117.2	119.5	122.2	124.5	126.2	127.9	129.6
% Ch	*0.3%*	*1.9%*	*3.1%*	*2.7%*	*2.0%*	*2.2%*	*1.9%*	*1.4%*	*1.4%*	*1.4%*
FINANCIAL MARKETS										
Federal Funds Rate	*3.5%*	*3.0%*	*4.2%*	*5.8%*	*5.3%*	*5.5%*	*5.6%*	*5.1%*	*4.8%*	*4.8%*
Bank Prime Rate	*6.3%*	*6.0%*	*7.1%*	*8.8%*	*8.3%*	*8.4%*	*8.6%*	*8.1%*	*7.8%*	*7.8%*
Mort Rate, New Homes	*8.3%*	*7.2%*	*7.5%*	*7.9%*	*7.8%*	*7.8%*	*7.3%*	*7.4%*	*7.3%*	*7.2%*
INFLATION										
GDP Price Deflator	*2.8%*	*2.6%*	*2.4%*	*2.5%*	*2.3%*	*2.0%*	*1.8%*	*1.8%*	*2.0%*	*2.2%*
Personal Cons Deflator	*3.3%*	*2.7%*	*2.4%*	*2.6%*	*2.4%*	*2.1%*	*1.7%*	*2.1%*	*2.4%*	*2.4%*
Consumer Price Index	*3.0%*	*3.0%*	*2.6%*	*2.8%*	*2.9%*	*2.4%*	*2.0%*	*2.3%*	*2.6%*	*2.7%*

National Variables Forecast by Standard and Poor's DRI
Forecast Begins the THIRD Quarter of 1997

IDAHO ECONOMIC FORECAST
EXECUTIVE SUMMARY
JANUARY 1998

	1998				1999				2000			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GDP (BILLIONS)												
Current $	8,308	8,383	8,449	8,534	8,618	8,701	8,785	8,886	8,997	9,099	9,187	9,297
% Ch	*4.0%*	*3.6%*	*3.2%*	*4.1%*	*4.0%*	*3.9%*	*3.9%*	*4.7%*	*5.1%*	*4.6%*	*3.9%*	*4.9%*
1992 Chain-Weighted	7,305	7,338	7,363	7,405	7,442	7,481	7,518	7,569	7,623	7,671	7,707	7,759
% Ch	*1.9%*	*1.8%*	*1.3%*	*2.3%*	*2.0%*	*2.1%*	*2.0%*	*2.7%*	*2.9%*	*2.6%*	*1.9%*	*2.7%*
PERSONAL INCOME - CURR $												
Idaho (Millions)	25,683	26,016	26,341	26,667	27,029	27,355	27,697	28,061	28,494	28,925	29,301	29,706
% Ch	*6.0%*	*5.3%*	*5.1%*	*5.0%*	*5.5%*	*4.9%*	*5.1%*	*5.4%*	*6.3%*	*6.2%*	*5.3%*	*5.6%*
Idaho Nonfarm (Millions)	24,945	25,268	25,583	25,901	26,246	26,573	26,910	27,269	27,697	28,118	28,483	28,878
% Ch	*5.9%*	*5.3%*	*5.1%*	*5.1%*	*5.4%*	*5.1%*	*5.2%*	*5.4%*	*6.4%*	*6.2%*	*5.3%*	*5.7%*
U.S. (Billions)	7,083	7,159	7,229	7,297	7,372	7,442	7,509	7,581	7,674	7,759	7,837	7,916
% Ch	*5.1%*	*4.4%*	*4.0%*	*3.8%*	*4.2%*	*3.8%*	*3.7%*	*3.9%*	*5.0%*	*4.5%*	*4.1%*	*4.1%*
PERSONAL INCOME - 1992 $												
Idaho (Millions)	22,560	22,755	22,928	23,094	23,284	23,436	23,597	23,770	23,989	24,209	24,380	24,572
% Ch	*4.2%*	*3.5%*	*3.1%*	*2.9%*	*3.3%*	*2.6%*	*2.8%*	*3.0%*	*3.7%*	*3.7%*	*2.9%*	*3.2%*
Idaho Nonfarm (Millions)	21,912	22,100	22,268	22,431	22,609	22,766	22,926	23,099	23,317	23,534	23,699	23,887
% Ch	*4.1%*	*3.5%*	*3.1%*	*3.0%*	*3.2%*	*2.8%*	*2.8%*	*3.1%*	*3.8%*	*3.8%*	*2.9%*	*3.2%*
U.S. (Billions)	6,223	6,263	6,294	6,321	6,352	6,377	6,398	6,423	6,461	6,496	6,522	6,549
% Ch	*3.4%*	*2.6%*	*2.0%*	*1.7%*	*2.0%*	*1.6%*	*1.4%*	*1.6%*	*2.4%*	*2.1%*	*1.6%*	*1.7%*
HOUSING STARTS												
Idaho	8,934	9,000	9,014	9,008	9,084	9,210	9,380	9,566	9,709	9,819	9,917	10,022
% Ch	*5.4%*	*3.0%*	*0.6%*	*-0.3%*	*3.4%*	*5.7%*	*7.6%*	*8.2%*	*6.1%*	*4.6%*	*4.0%*	*4.3%*
U.S. (Millions)	1.460	1.433	1.411	1.409	1.401	1.401	1.393	1.387	1.380	1.383	1.375	1.371
% Ch	*-2.3%*	*-7.0%*	*-6.1%*	*-0.5%*	*-2.3%*	*0.0%*	*-2.1%*	*-1.9%*	*-1.8%*	*0.6%*	*-2.1%*	*-1.3%*
TOTAL NONFARM EMPLOYMENT												
Idaho (Thousands)	514.9	518.3	521.6	524.7	527.6	530.6	533.9	537.5	541.4	546.1	549.1	552.8
% Ch	*3.2%*	*2.7%*	*2.6%*	*2.4%*	*2.2%*	*2.3%*	*2.5%*	*2.7%*	*2.9%*	*3.5%*	*2.3%*	*2.7%*
U.S. (Millions)	123.7	124.3	124.7	125.2	125.6	126.0	126.3	126.7	127.2	127.7	128.1	128.5
% Ch	*1.7%*	*1.8%*	*1.5%*	*1.4%*	*1.3%*	*1.3%*	*1.1%*	*1.3%*	*1.5%*	*1.5%*	*1.3%*	*1.4%*
FINANCIAL MARKETS												
Federal Funds Rate	*5.5%*	*5.8%*	*5.7%*	*5.5%*	*5.3%*	*5.3%*	*5.0%*	*5.0%*	*5.0%*	*4.8%*	*4.7%*	*4.7%*
Bank Prime Rate	*8.5%*	*8.8%*	*8.7%*	*8.5%*	*8.3%*	*8.3%*	*8.0%*	*8.0%*	*8.0%*	*7.8%*	*7.7%*	*7.7%*
Mort Rate, New Homes	*7.4%*	*7.3%*	*7.3%*	*7.4%*	*7.4%*	*7.4%*	*7.4%*	*7.3%*	*7.3%*	*7.3%*	*7.2%*	*7.2%*
INFLATION												
GDP Price Deflator	*2.1%*	*1.7%*	*1.8%*	*1.8%*	*1.9%*	*1.8%*	*1.9%*	*1.9%*	*2.2%*	*2.0%*	*2.0%*	*2.1%*
Personal Cons Deflator	*1.7%*	*1.7%*	*1.9%*	*2.0%*	*2.2%*	*2.2%*	*2.3%*	*2.3%*	*2.5%*	*2.4%*	*2.4%*	*2.4%*
Consumer Price Index	*1.9%*	*1.9%*	*2.2%*	*2.3%*	*2.3%*	*2.4%*	*2.4%*	*2.5%*	*2.7%*	*2.6%*	*2.6%*	*2.6%*

National Variables Forecast by Standard and Poor's DRI
Forecast Begins the THIRD Quarter of 1997

NATIONAL FORECAST DESCRIPTION
The Forecast Period is the Third Quarter of 1997 to the Fourth Quarter of 2001

For the first time in a long while one has to look very hard to find something wrong with the U.S economy. Thanks to a combination of positive factors, the U.S. economy cruised effortlessly most of last year. Low unemployment, low inflation, a soaring stock market, and healthy income growth kept consumer confidence at record levels. These euphoric consumers were willing to keep the economy moving ahead by keeping their debt levels high and savings rates low. As a result, real spending actually grew faster than real disposable income in 1997. Surprisingly, the housing industry posted a strong showing, due in part to low mortgage rates. In response to the stronger economy, real business investment actually accelerated in 1997. Even the stubbornly high federal deficit performed better than expected. For reasons not yet fully understood, the 1997 federal budget deficit came in about $100 billion lower than was projected.

This is not to say there were no threats to U.S. expansion. The most notable one was the Asian currency crises. Last summer the currencies of Thailand, Indonesia, Malaysia, and the Philippines began to slide. By October 1997, all of them had lost at least 20% of their value. This alone did not have much of an impact on the U.S. economy. In fact, the U.S. stock market rose to record highs last summer. But the U.S. stock market did notice the crash of the Hong Kong stock market. The strong Hong Kong dollar yielded to speculative pressures over the Chinese takeover of the former British colony and the decline of the mainland Chinese currency. The defense of the Hong Kong dollar shot interest rates skyward, which contributed to the Hong Kong stock market's loss of nearly 50.0% of its value. The U.S. stock market plunged more than 500 points on October 27, 1997 in response to Hong Kong's stock woes. Fortunately, the U.S. stock market seems to have since recovered from this setback. Interestingly, this was not the long-expected market correction. In fact, DRI believes the stock market remains overvalued, and that some of this excess will be worked off over the next year and a half. The stock market will be more volatile over this period of adjustment.

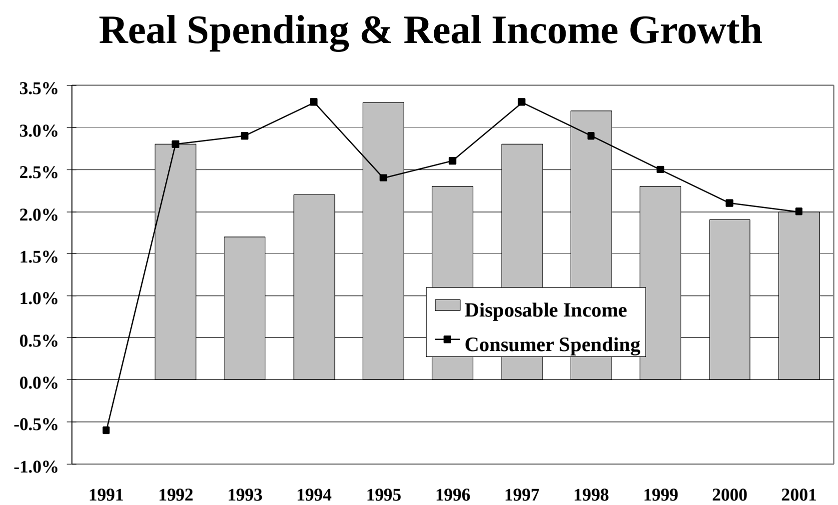
The largest impact of the Asian currency crisis will be on trade. The crisis will dampen Southeast Asian economic growth, and some countries may fall into recession. This slower growth will mean weaker demand for U.S. exports. It will also affect imports into the U.S. Facing weak demand and excess capacity at home, many Asian countries will no doubt look beyond their shores for solutions. With Japan's economy struggling, the so-called "Little Tigers" will refocus their export efforts on the West. These efforts will be helped by favorable exchange rates and the booming U.S. economy. This will help keep U.S. inflation in check in a couple of ways. First, the bill for foreign goods will be lower. Second, the lower import prices will keep a lid on price increases by domestic companies eager to protect their hard won market shares.

Another, more likely, threat to the U.S. economy is that it will overheat in the near term and ignite inflation. The economy is already growing faster than almost anyone expected last year. Low unemployment rates are fanning wage gains. If benefit costs soar once again, compensation costs could accelerate, taking inflation with them. If the Federal Reserve bungles its war with inflation, the economy could slip into a recession. DRI has built an alternative forecast based on these assumptions (which is included in the *Alternative Forecasts* section) that shows the economy could suffer a moderate recession in the year 2000.

It should be made clear that no recession is expected in that year or any year for that matter, under the assumptions of the baseline (most probable) forecast. The U.S. economy is projected to grow steadily through 2001. Real GDP is forecast to rise 3.8% in 1997, 2.3% in 1998, 2.0% in 1999, and 2.5% in both 2000 and 2001.

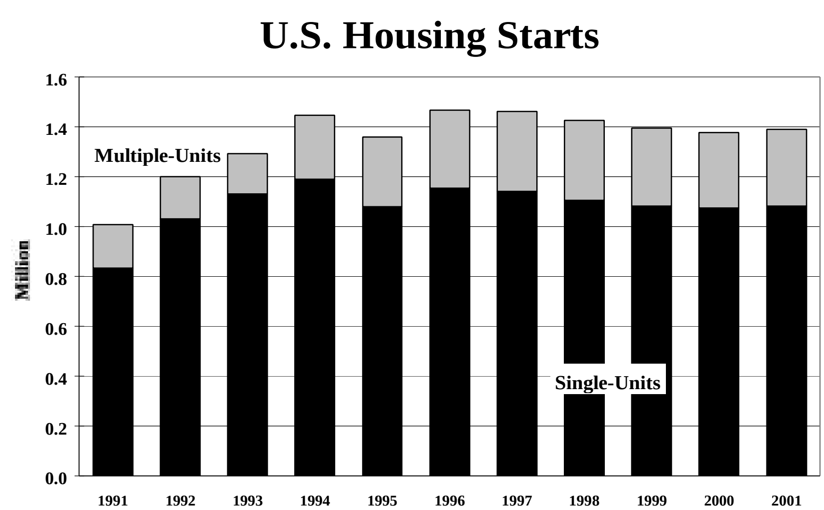
SELECTED NATIONAL ECONOMIC INDICATORS

Consumer Spending: Real consumer spending growth is forecast to have peaked in 1997 and should taper off over the forecast horizon. Bolstered by record-high consumer confidence levels, real consumer spending not only expanded briskly, but actually grew faster than real disposable income (3.3% versus 2.8%). Most of 1997's spending growth was centered in the durable goods sector, where consumers snatched up furniture, appliances, and computers. Spending on services placed second last year and nondurable goods expenditures grew the slowest of the three major categories. In order to finance this spending spree, consumers turned once again to savings and credit. Feeling comfortable with their current and near-term economic situations, consumers allowed their collective personal savings rate to slip below 4.0% in 1997. Meanwhile, credit use expanded fast enough that outstanding credit remained about 21% of disposable income. Over the next few years real spending should taper off as it moves more in line with real disposable income. Unfortunately, this will leave little extra income to either rebuild savings or work down debt. As a result, the personal savings rate is expected to remain below 4.0% through 2001 and the percent of credit outstanding to disposable income will remain above 20.0%. Such low savings and high debt raise fears that the economy has become more vulnerable to a consumer retrenchment. This was tested late last year when the U.S. stock market plunged over 500 points in one day. Fortunately, consumers seem to have largely shrugged off this decline, and DRI predicts that it will have only a $30 billion impact on 1998 GDP. However, they will find it harder to ignore more fundamental changes. Eventually, consumers' euphoria will fall victim to rising unemployment and interest rates and slower income growth. <u>As a result, real consumer spending growth will fall from 3.3% in 1997, to 2.9% in 1998, 2.5% in 1999, 2.1% in 2000, and 2.0% in 2001.</u>



Source: Standard and Poor's DRI

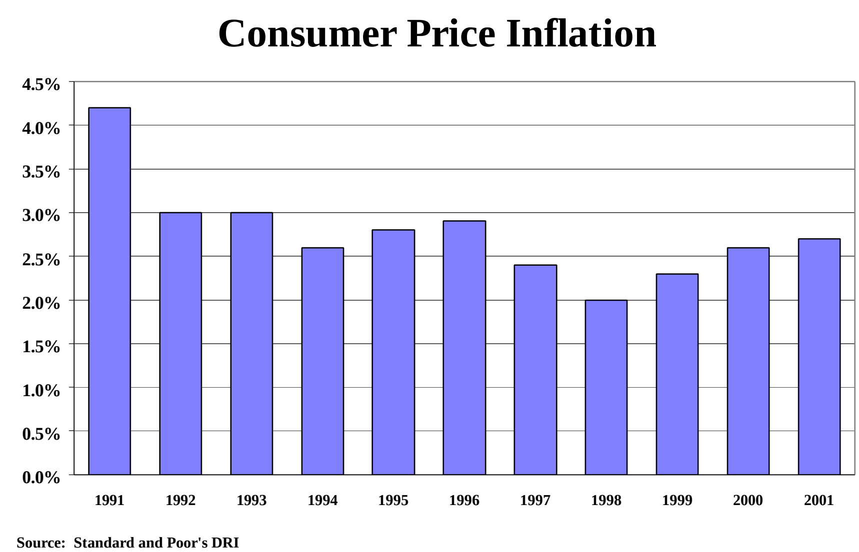
Housing: The U.S. housing industry performed much stronger in 1997 than was originally expected. This makes the second year in a row that this industry's strength surprised many forecasters. Many saw 1996's healthy showing as a fluke, and seriously doubted it could be repeated in 1997. In the January 1997 *Idaho Economic Forecast* it was predicted that starts would fall by nearly 100,000 units from 1996 to 1997. However, current data now show the decline should be only one-tenth that



Source: Standard and Poor's DRI

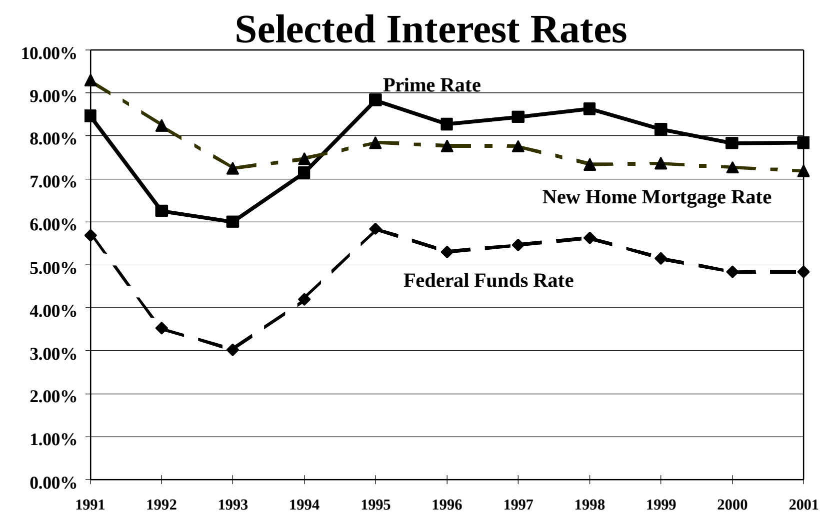
size. Record-setting consumer confidence last year was a major contributor to this increase. Last January it was predicted that consumer confidence would drop off in 1997. Instead, it took off to record levels, as both unemployment and inflation remained low. In addition, falling mortgage interest rates worked in the housing industry's favor. It was previously forecast that the mortgage rate for new homes would end 1997 at around 8.0%. However, this rate was actually closer to 7.6% in the fourth quarter of that year. Housing starts were not the only part of this industry to benefit from these favorable circumstances; both new and existing single-family home sales were above their 1996 levels. The question now is whether a similar set of favorable circumstances will keep the U.S. housing industry on a roll over the forecast period. The short answer is: not likely. Gradually rising unemployment and inflation, along with a less buoyant stock market, will erode consumer confidence. However, this impact will be dampened somewhat by the falling mortgage interest rates anticipated through the first part of 1999. U.S. housing starts are expected to fall to 1.43 million units in 1998, 1.40 units in 1999, and to 1.38 million units in 2000, and 1.39 million units in 2001.

Inflation: Inflation is expected to remain well below its historical average through the forecast period. From 1947 to 1996 consumer prices grew an average of 4.1% per year. From 1997 to 2002, consumer prices are projected to rise less than 3.0% annually. In some cases the increases will be much less. For example, prices increased just 2.4% in 1997. Interestingly, price inflation is forecast to slip to 2.0% in 1998. After this year, inflation will accelerate, but it will not top the 3.0% mark. Last year's and this year's favorable inflation picture reflects a rare alignment of factors that more than offset the mounting pressure from the tight U.S. labor market. Chief among these factors was the slow growth in employer benefit costs. For the second year in a row these costs rose by 2.0% or less, which was lower than the increase in salaries. This was a reversal from previous years when rising medical inflation caused total benefit costs to easily outpace the cost of salaries. This reflects the continued move toward managed health care programs. Employers were also able to keep a lid on benefit prices thanks to the booming stock market that allowed them to reduce contributions to defined benefit plans. This year inflation should continue to slow in response to the strong dollar, surging productivity, and expected declines in food and energy inflation. However, the dollar cannot rise forever, and neither can food inflation and energy inflation decline indefinitely. Without these factors offsetting the still tight labor market, inflation is expected to gradually increase after 1998. Consumer prices are expected to rise 2.4% in 1997, 2.0% in 1998, 2.3% in 1999, 2.6% in 2000, and 2.7% in 2001.



Government: The federal budget deficit shrank to $22.6 billion (0.3% of GDP) in federal fiscal year 1997, its lowest level in over two decades. In comparison, it was $280 million in fiscal year 1992 and was $107 billion as recently as last year. This strong improvement was a welcome surprise. Initially, both the Congressional Budget Office and the Office of Management and Budget expected the gap to widen in fiscal year 1997. DRI anticipated a $124 billion deficit. The question is how could these projections be so far off? Part of the reason is outlays were about $2.6 billion lower than was forecast in January 1997. However, the lion's share of the improvement was due to much stronger receipts. One of the reasons for the higher receipts was the stronger economy, but that alone does not account for the surge in receipts. Another factor is that the shift to more mutual fund ownership has accelerated the usual pattern of capital gains realization. Interestingly, the U.S. Treasury Department, which has access to the most relevant data, does not believe capital gains are directly responsible for the increased collections. While it may seem ungracious to argue over this "found" money, finding its source is important because it will tell whether this surprise was a unique occurrence or whether it will be repeated in future years. The current forecast assumes this windfall diminishes over time. This forecast also incorporates the Balanced Budget and Taxpayer Relief Acts of 1997. The former raises tobacco taxes and curtails entitlement spending growth. The latter includes the child care and tuition tax credits, a lower capital gains tax rate, changes to estate and gift taxes, changes to airline taxes, and the retroactive extension of the R&D credit. Under these conditions, and assuming the economy avoids a recession, the goal of balancing the federal budget by 2002 appears possible. Specifically, the federal budget deficit is expected to be $34.0 billion in 1998, $48.7 billion in 1999, $43.6 billion in 2000, $13.9 billion in 2001, then in 2002 it should post a $4.3 billion surplus.

Financial: The market turmoil and continued good news on inflation should keep Federal Reserve policy on hold for the near future. Another reason the Federal Reserve can afford to be patient is the low inflation has actually raised the real rate of interest (the nominal interest rate less the inflation rate). As a result, although nominal rates are lower than in recent years, when adjusted for inflation, they are actually higher. Eventually, the nation's central bank will have to tighten, especially given the drop in the unemployment rate to under 5.0% and the acceleration of average hourly earnings. The next rate hike is expected to come early this year. And by the end of next year, the U.S. economy may have slowed enough for the Federal Reserve to loosen again. Despite last October's correction, the U.S. stock market remains overvalued. The current forecast calls for a gradual correction over the next year and a half, with prices reasonably stable while earnings catch up. This should also be a period of high volatility. By the end of this 18-month stretch, assuming there is no recession, profits should have caught up with stock valuations, and the stock market should resume its climb.



Source: Standard and Poor's DRI

International: The currency crisis of emerging Asian countries dominated the international news during the second half of last year. First, the Thai baht succumbed to speculative pressures late last summer. Next, Indonesia, Malaysia, and the Philippines all faced similar problems. By the fall of 1997 all of their currencies had declined over 20%, with Thailand and Indonesia sustaining declines of over 30%. Even the seemingly immune Hong Kong dollar yielded to speculative pressures related to the Chinese takeover and the depreciation of the mainland Chinese dollar. This caused the Hong Kong stock market to plunge in October 1997. And late last year South Korea, the world's eleventh largest economy, sought International Monetary Fund (IMF) assistance to bail out of its financial troubles. In many ways the Asian crises resembles the Mexican peso crises of late 1994. However, there is reason to believe that its fallout will not be as severe. The countries of Asia have higher internal savings rates, so they are less dependent on foreign capital than Mexico. A loss of confidence abroad will therefore have less of an impact on these countries' abilities to invest. On the other hand, Asia may find it more difficult to recover than Mexico because its banking systems are weak, especially Japanese banks. Also, trade with the fast-growing U.S. economy helped Mexico out of its dire straits. In Asia, Japan remains mired in its own recession, so it cannot be counted on as an engine of growth for the other Asian economies. To date most of this crisis' impacts have been felt by the U.S. stock market, whose valued dipped last October over fears stemming from the Hong Kong market's plunge. In the longer run, the largest impact of Asia's crisis on the U.S. will come from trade. First, the weaker growth in these Asian countries will dampen the demand for U.S. imports. Fortunately, these countries are not large importers of U.S. goods. Second, these countries will no doubt try to export their way back to prosperity. This makes sense economically, given these countries' excess industrial capacity and their favorable exchange rates. This increased competition should restrict U.S. price increases and help keep a lid on inflation. The higher dollar and stronger U.S. growth will worsen the trade gap next year.

Business Investment: The recent surge in real business investment probably peaked during the first half of 1997. It is forecast to grow slower over the forecast period. Led by the strong showing of the producers' durable equipment component, nonresidential fixed investment advanced at a remarkable 14.6% annual rate in the second quarter of last year—its best showing since 1983. Thirty-seven percent growth in spending on computers in the first half of 1997 fueled this growth. It actually peaked at a robust 46.2% in the second quarter. While this was lower than 1996's 52% pace, it still represents a strong showing, even by historical standards. Computer spending growth has averaged 23% over the past decade. Recent steep price cuts, quality improvements, and the need to upgrade hardware for the latest generation of software have all contributed to this boom. Nonresidential structure spending has not fared as well; it declined during the first two quarters of last year. However, it did post a small rally at year's end thanks to a recovery in building and other spending. The investment surge has raised nominal total investment to about 10.4% of GDP, which about equals the average of the last 40 years. At this level of investment, capacity will tend to outstrip the long-run growth rate (2.0%-2.5%) of GDP. This implies that investment will probably moderate over the next few years. Indeed, the current forecast shows real spending growth at 10.1% in 1997, then falling to 7.9% in 1998, 4.2% in 1999, 4.5% in 2000, and 4.9% in 2001. Real spending for producers' durable equipment is expected to go from 12.7% in 1997, to 10.6% in 1998, 6.3% in 1999, 5.5% in 2000, and 4.5% in 2001. As in the recent past, real spending on nonresidential structures will grow more slowly than equipment spending. Specifically, real spending on structures are projected to advance 3.7% in 1997, 0.8% in 1998, -1.7% in 1999, 1.8% in 2000, and 6.1% in 2001.

IDAHO FORECAST DESCRIPTION
The Forecast Period is the Third Quarter of 1997 through the Fourth Quarter of 2001

Idaho's economy is expected to slow, but not stop, over the forecast period. This is the continuation of a recent trend. For example, after racing along during the early years of the 1990s, Idaho nonfarm employment slowed to a 3.5% pace in 1995 and to a 3.2% rate in 1996. Most of this slowing was centered in the goods-producing sector, with construction employment accounting for most of this change. After rising at double-digit rates through most of the early 1990's, construction employment slowed to 2.2% in 1995 and 3.3% in 1996 as housing starts retreated from 1994's record high. Manufacturing employment also slowed significantly, due to declines in the food processing and lumber and wood products sectors. Some of this growth deceleration also reflects the reclassification of chemical workers from the goods-producing sector to the services-producing sector. The slowdown of the services-producing sector was subtler. In 1995, it grew 4.5%–which was about average for the decade. However, it did slip to 3.2% in 1996.

Given that wages and salaries account for the largest share of personal income, it comes as no surprise that Idaho personal income slowed along with employment in recent years. Idaho nominal personal income, aided by recovering farm proprietors' income, advanced 7.9% in 1995, up from 5.8% the previous year. But it again dropped below 6.0% in 1996. Idaho nonfarm income growth was actually slightly weaker in 1995 compared to 1994 (8.0% versus 8.8%). It dropped to just 5.2% in 1996. Idaho real nonfarm personal income growth fell from 6.3% in 1994 to 5.3% in 1995 and to 2.7% in 1996.

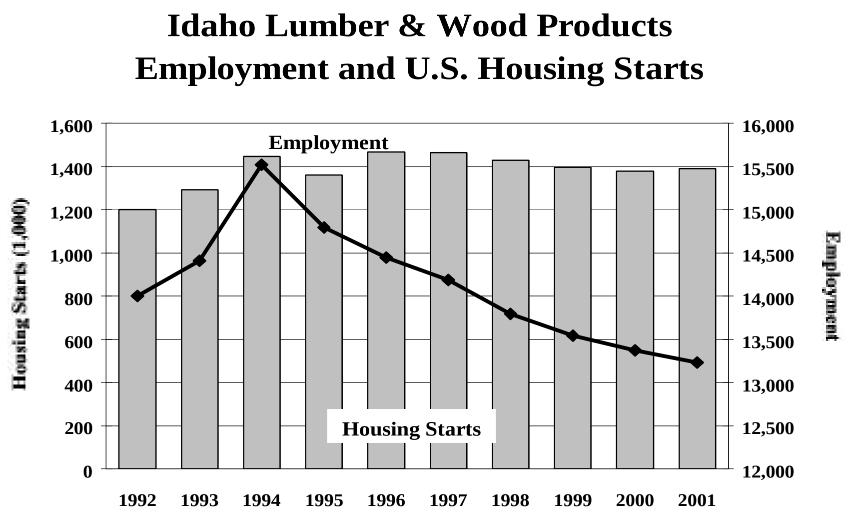
The current outlook does not anticipate growth slipping much further. Idaho nonfarm employment growth is expected to go from 2.9% in 1997 to 2.5% this year. It should remain near this level until it picks up steam again in the year 2000. Idaho nominal personal income is projected to grow between 5.0% and 5.5% from 1997 to 1999. However, its pace will pick up slightly in 2000 and 2001, as employment growth strengthens. Idaho nonfarm income displays a similar growth pattern. Idaho housing starts, another closely watched indicator of the state's economic health, are expected to rise gradually from about 8,600 units in 1997 to around 10,300 units in 2001. The state's population growth, which had risen as high as 3.0% in 1994, should advance about 2.2% over the forecast period.

While the outlook for Idaho's economy calls for weaker growth than in the early 1990s, one thing has not changed: The Gem State should continue to grow faster than the national economy over the forecast period. It should also be noted that the state's economy is making a successful (i.e., relatively pain-free) transition to more sustainable growth levels.

SELECTED IDAHO ECONOMIC INDICATORS

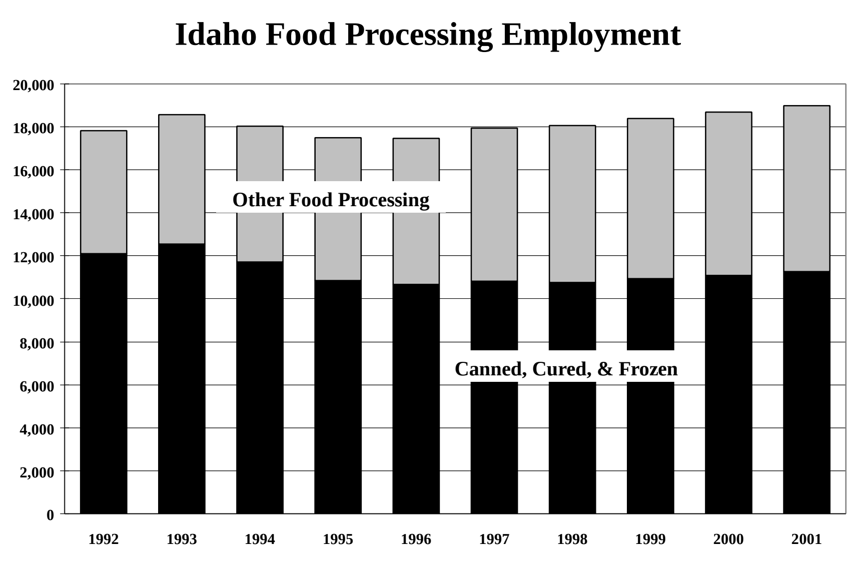
Lumber and Wood Products: Idaho lumber and wood products employment declined in 1997 despite a surprisingly strong U.S. housing market. Bolstered by rising consumer confidence and low mortgage interest rates, U.S. housing starts held near the 1.46 million-unit level for the second straight year. The Gem State, unfortunately, does not seem to have benefited from this strength. One of the reasons for this is the lackluster recovery of the key California housing market. A look at the recent past provides some perspective. There were 90,900 private housing starts in the Golden State in 1996 and 107,000 starts in 1997. This was less than half of the 276,000 average annual starts between 1985 and 1989.

Over the forecast period, Idaho's lumber and wood products sector will get little demand-side help, as national housing starts stall and California starts rise only gradually. Not all of this sector's future challenges will be demand related, however. As in the recent past, concerns over the supply of timber from public lands will shape this industry's outlook. The Gem State's lumber and wood products sector has traditionally been dependent on public timber. For example, when the harvest peaked at 1.9 billion board feet in 1989, over 40% of the timber came from federal (National Forest and Bureau of Land Management) lands. In 1995, just 1.4 billion board feet were harvested, with the federal share accounting for less than 25% of this total. Looked at another way, the amount of timber from federal lands fell from 827 million board feet in 1989 to 328 million board feet in 1995. The uncertainty surrounding timber supply will probably hamper investment and hiring by both logging companies and mills. In addition, intense bidding for dwindling timber supplies may shrink profits for some companies to the point they have to curtail operations or shutdown completely. Idaho lumber and wood products employment is forecast to drop from 14,184 in 1997 to 13,320 in 2001.



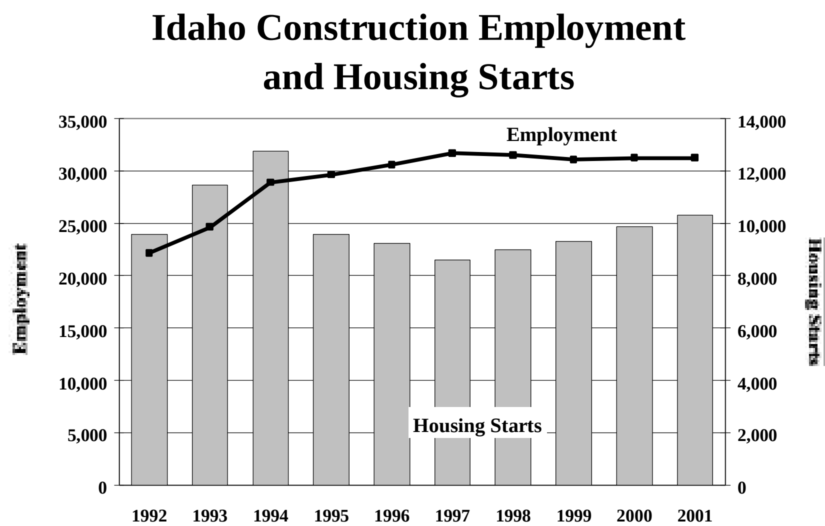
Sources: Standard and Poor's DRI and DFM

Food Processing: The state's huge food processing sector experienced an unusual series of changes in 1997. J.R. Simplot Company announced it was closing one of its two potato processing plants at its sprawling Caldwell complex for competitive reasons. The company reported that 370 jobs would be lost as a result of this move and production would be scaled back from 700 million pounds to 450 million pounds. In the spring of 1997 J.R. Simplot Company again announced that it was cutting production and employment, this time at its Heyburn, Idaho potato-processing plant. Company officials cited flat demand as the reason for the move that would result in the loss of approximately 400 jobs. (It later recalled about 100 workers.) In March 1997, H.J. Heinz announced plans to sell off its food service division to Canadian food processing giant McCain Foods, Ltd. This sale included Ore-Ida's Burley potato plant that employs 800. None of these jobs were lost, but about 100 employees at the company's Boise headquarters were laid off. Preliminary data show that

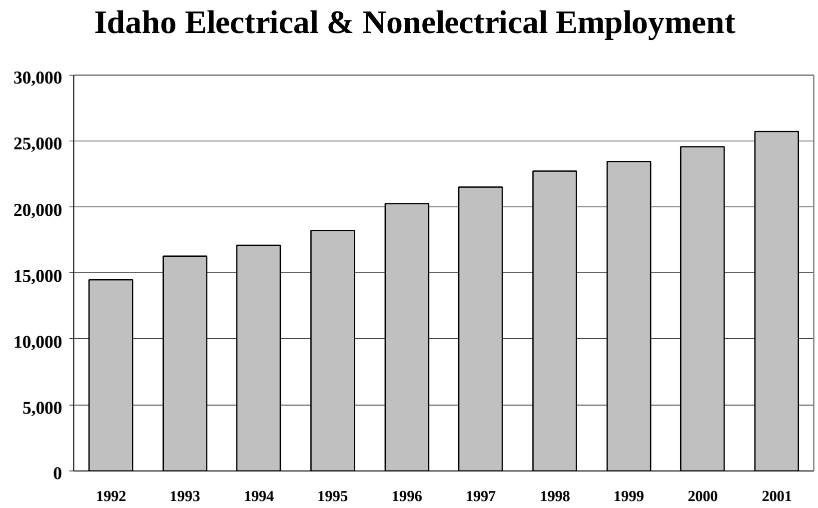


while employment in the canned, cured, and frozen component slipped noticeably in the second quarter, it remained fairly stable in the third quarter. However, it is expected to have shed another 200 jobs by the end of 1997. Other food processing surged at a 13.8% annual pace in last year's second quarter and should grow steadily over the forecast horizon. Overall, Idaho food processing employment is forecast to rise 0.7% this year and about 1.5% annually thereafter. It should be noted that the recent Asian currency crises could dampen the outlook for food exports. Exports of American-style snack and fast foods, including frozen french fries and other potato products, to this region have expanded with rising incomes and the westernization of Asian diets. These products will become relatively more expensive due to the devaluation of several Asian currencies.

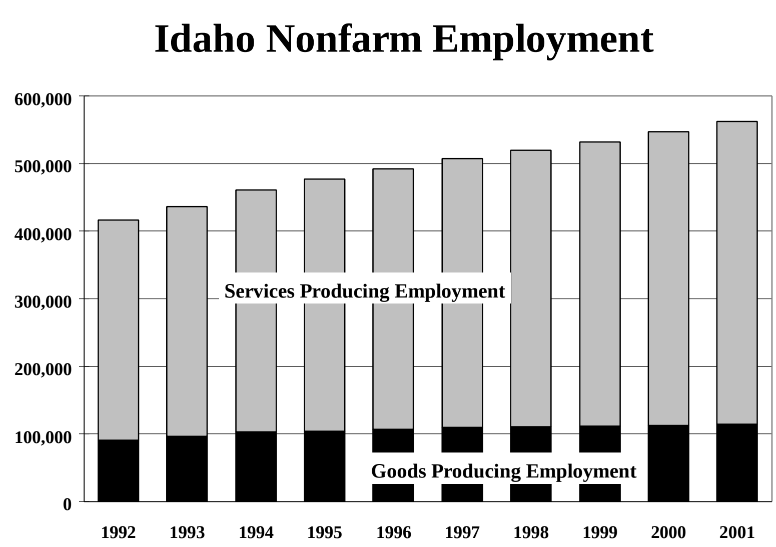
Construction: The Idaho construction sector is not expected to be the engine of growth that it was during the late 1980s and early 1990s. The state's booming population caused construction to set records year after year. From 1988 to 1995 the value of permits in Idaho tripled from $577.9 million to $1,822.3 million. Housing starts soared from 3,334 units in 1988 to a peak of 12,765 units in 1994. Construction employment rose from 14,205 to 28,984 over this same period. Despite a 26.6% decline in housing starts in 1995, construction employment still expanded by 2.0% that year due to a strong nonresidential sector. In 1996, total construction values dipped for the first time in eight years. However, employment still eked out a 3.3% gain that year. Unfortunately, limited employment growth is likely to be the rule rather than the exception over the next few years. First Security Bank reports that as of October 1997, the number of new dwellings permitted was 31.6% lower for the same period last year and the total value of permits was down 3.2%. This reflects the demand and supply for housing being more in balance than it was in previous years. Idaho housing starts will increase from 8,599 units in 1997 to 10,312 units in 2001. Over this same period construction employment should hover between 31,000 and 32,000 jobs.



Electrical and Nonelectrical Machinery: Idaho electrical and nonelectrical machinery manufacturing employment growth is forecast to slow markedly over the forecast period. Expansions by two of its largest employers, Hewlett-Packard and Micron Technology, helped double the number of jobs in this sector from 8,422 in 1987 to 17,113 in 1994. These companies' successes were due to the strong demand for their products. The popularity of Hewlett-Packard's laser jet printers pushed employment at the Boise site to about 5,000, making it one of the company's largest facilities. In the mid-1990s, the company refocused the direction of its Boise operation. About 1,000 jobs were cut as its mission moved away from production towards research and development. A casualty in this change was its disk memory and surface mount operations. Recently, the company announced that it is weighing whether it should outsource its laser printer formatter board production. It is estimated that 300 jobs would be lost if this occurred. While past cuts have been painful, the move towards research and development probably means employment at the site will be more stable in the future. Micron Technology benefited from high prices for its flagship memory products in the early 1990s. Strong demand kept prices high while the company's world-class manufacturing acumen kept production costs falling, causing profits to soar. In an attempt to take advantage of the high prices, Micron, as well as several of its competitors, began expanding. However, the market cooled abruptly in 1996 when memory prices plummeted. As a result, Micron mothballed its new Lemhi, Utah plant. Unfortunately, many of its competitors chose to complete their multi-billion dollar plants, adding to the already excessive manufacturing capacity, putting further downward pressure on prices. This worldwide excess capacity will be one of the major challenges facing Micron in the near future because many of its Asian competitors will no doubt attempt to export their way back to a profit. These competitors will be aided by the recent devaluation of their currencies. Idaho electrical and nonelectrical employment is forecast to increase 6.1% in 1997, 5.7% in 1998, 3.2% in 1999, 4.7% in 2000, and 4.8% in 2001.

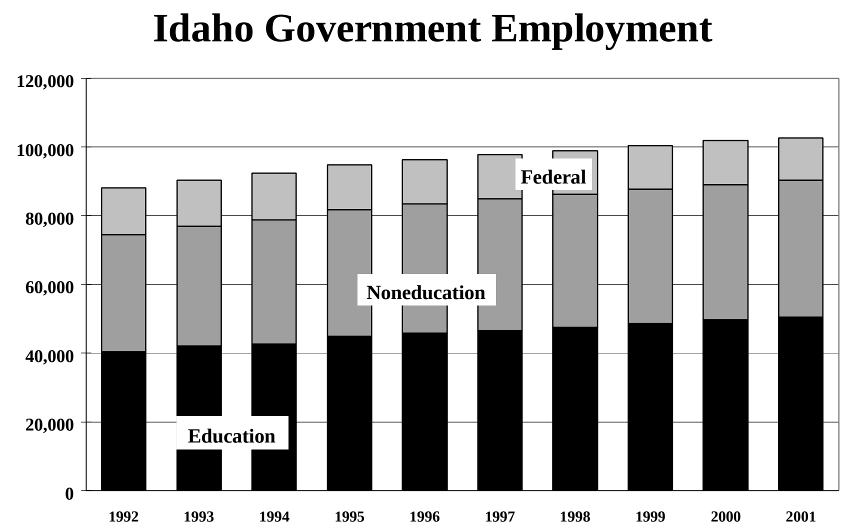


Services-Producing Industries: Like its national counterpart, Idaho's services-producing sector accounts for the lion's share of the state's nonfarm employment. In 1996, nearly eight out of every ten jobs was in this sector. While it is often maligned as a low-skill, low-pay sector, it is in fact a highly diverse sector that includes some of the state's highest paying jobs. Most of the state's "white collar" professional jobs, such as attorneys, physicians, and accountants, are included in this sector. This sector's growth reflects the ongoing transformation from extractive- and manufacturing-based employment to more service-oriented employment. Structural changes have and will continue to shape this transformation. One of the most important trends is the increasing number of women working outside the home. This has increased the demand for a wide range of convenience products, such as fast foods, and services, like childcare. Another structural change that will continue to increase the demand for services is the rising number of single-head and two-earner households. Down the road, the aging baby-boom generation will demand a host of services, including health care, recreation, and long-term care. While structural changes play an important role, cyclical factors also



affect this sector's employment. For instance, the influx of new residents in the early 1990s resulted in a construction boom that also benefited a host of other businesses. Real estate agents, cable television companies, landscapers, hardware stores, furniture stores, and insurance agencies, were just a few who profited from this expansion. As the population growth slows, so will the expansion of the services-producing sector. Specifically, it is forecast to expand 3.0% in 1997, 2.9% in 1998, 3.0% in 1999, 3.1% in 2000, and 3.0% in 2001. In comparison, it grew between 4.0% and 5.0% per year during the first half of the 1990s.

Federal, State, and Local Governments: Efforts to reduce the size of government promise to put a lid on Idaho government employment growth over the forecast period. Thus, this sector's projected growth pace should be significantly slower than in the early 1990s. Hardest hit will be the federal government sector. This component's employment is forecast to decline due to continuing federal budget austerity measures. If it is any consolation, Gem State federal employment will not suffer as much as national federal employment because Idaho is not as exposed to falling real defense spending. It is anticipated that real defense spending will drop 1.7% annually through 2001, and so will federal employment. Over the same period, Idaho federal employment is forecast to drop just 1.0% per year. Unlike federal employment, the number of Idaho state and local government jobs will not decline, but neither will it match the pace of the early 1990s. Fueled by the combination of a strong economy and fast growing population, Idaho state and local employment expanded 3.6% annually from 1990 to 1995. The state's education sector enjoyed the strongest job growth during this period (3.8%) and other government employment growth was not far behind (3.5%). The expected cooling of both economic and population growth, along with tightening public finances, suggest slower growth in the offing. As a result, Idaho state and local employment should advance 1.6% per year. Idaho education employment should advance 2.0% annually. Noneducation-related employment growth is expected to be about half as fast as education employment growth, averaging just over 1.0% over the forecast period.



ALTERNATIVE FORECASTS

DRI has assigned a 55% probability of occurrence to its November 1997 baseline forecast of the U.S. economy. The major features of this forecast include:

- real GDP growth hits 3.8% in 1997, then advances between 2.0% and 2.5% annually thereafter;
- nonfarm employment growth drops from 2.2% in 1997 to 1.4% in 2001;
- the civilian unemployment rate rises gradually from 4.8% this year to 5.4% in 2001;
- consumer confidence falls slowly over the forecast period;
- consumer price inflation drops to 2.0% this year, then rises to 2.7% by 2001;
- the federal budget posts a small surplus by 2002;
- but the merchandise trade deficit remains wide.

While the baseline scenario represents the most likely outcome for the national economy over the next few years, the uncertainties surrounding several key variables mean that other outcomes are also possible. To account for this, DRI prepares alternative forecasts based on different assumptions regarding these key variables. Two of these alternative forecasts, along with their impacts on the Idaho economy, are discussed below.

BOOM-BUST SCENARIO

In the *Boom-Bust* scenario the Federal Reserve lets the good times roll too long. As its name suggests, the economy grows faster in the short run compared to the baseline scenario. Strong consumer confidence propels real consumer spending at a 3.4% rate, a slight improvement over 1997's healthy 3.3% pace. In comparison, real spending advances by 2.9% in 1998 in the baseline case. Big–ticket purchases soar along with consumer confidence. Sales of light vehicles surge to almost 16 million annual units and housing starts peak at a 1.57 million-unit rate in late 1998. In an effort to keep pace with this strong demand, real business investment expands 9.1% in 1998, which is significantly faster than the baseline's 7.9% pace. Inflation is also higher in this scenario, but consumers remain optimistic given the healthy job picture and strong income growth. Real GDP advances 2.9% in 1998 in this scenario, compared to 2.3% in the baseline. This stronger showing helps to balance the federal budget deficit three years ahead of schedule (1999 versus 2002).

Inflation remains tolerable during the first half of 1998, but then it takes off. By late 1999 it is peaking at nearly 7.0%. In the baseline, it barely approaches 3.0%. Having waited too long to begin its battle with inflation, the Federal Reserve tightens aggressively in 1999, raising the federal funds rate to 7.5% late in that year. This move, along with falling real wages, stock market jitters, and raising mortgage interest rates, causes consumer confidence to tumble. As a result, real consumer spending falters, which sets in motion a chain reaction of events that leads to the economy falling into a recession. In the year 2000, real GDP slips 1.0%. However, Federal Reserve policies to restart the economy finally begin to show results later in the forecast horizon. By 2001, real GDP rises by 1.6% and then accelerates to 3.8% in 2001. Unfortunately, this slow growth causes the federal budget deficit to not only return, but also grow through 2001.

IDAHO ECONOMIC FORECAST
BASELINE AND ALTERNATIVE FORECASTS
JANUARY 1998

	BASELINE				BOOM-BUST				PESSIMISTIC			
	1998	1999	2000	2001	1998	1999	2000	2001	1998	1999	2000	2001
GDP (BILLIONS)												
Current $	8,419	8,748	9,145	9,578	8,516	9,057	9,320	9,744	8,290	8,514	8,904	9,360
% Ch	*4.2%*	*3.9%*	*4.5%*	*4.7%*	*5.4%*	*6.3%*	*2.9%*	*4.5%*	*2.6%*	*2.7%*	*4.6%*	*5.1%*
1992 Chain-Weighted	7,353	7,502	7,690	7,884	7,398	7,579	7,501	7,618	7,250	7,351	7,577	7,828
% Ch	*2.3%*	*2.0%*	*2.5%*	*2.5%*	*2.9%*	*2.4%*	*-1.0%*	*1.6%*	*0.9%*	*1.4%*	*3.1%*	*3.3%*
PERSONAL INCOME - CURR $												
Idaho (Millions)	26,177	27,535	29,107	30,803	26,484	28,836	30,761	32,474	25,990	27,135	28,593	30,209
% Ch	*5.4%*	*5.2%*	*5.7%*	*5.8%*	*6.6%*	*8.9%*	*6.7%*	*5.6%*	*4.6%*	*4.4%*	*5.4%*	*5.6%*
U.S. (Billions)	7,192	7,476	7,797	8,142	7,259	7,748	8,122	8,394	7,121	7,316	7,604	7,948
% Ch	*4.7%*	*3.9%*	*4.3%*	*4.4%*	*5.6%*	*6.7%*	*4.8%*	*3.3%*	*3.7%*	*2.7%*	*3.9%*	*4.5%*
PERSONAL INCOME - 1992 $												
Idaho (Millions)	22,834	23,522	24,287	25,096	22,971	24,020	24,482	25,087	22,700	23,322	24,135	25,004
% Ch	*3.6%*	*3.0%*	*3.3%*	*3.3%*	*4.2%*	*4.6%*	*1.9%*	*2.5%*	*3.0%*	*2.7%*	*3.5%*	*3.6%*
U.S. (Billions)	6,275	6,388	6,507	6,635	6,298	6,456	6,466	6,486	6,220	6,289	6,420	6,580
% Ch	*3.0%*	*1.8%*	*1.9%*	*2.0%*	*3.3%*	*2.5%*	*0.1%*	*0.3%*	*2.1%*	*1.1%*	*2.1%*	*2.5%*
TOTAL NONFARM EMPLOYMENT												
Idaho (Thousands)	519.9	532.4	547.3	562.3	521.1	538.0	551.7	560.3	517.6	526.9	542.3	559.5
% Ch	*2.5%*	*2.4%*	*2.8%*	*2.7%*	*2.8%*	*3.2%*	*2.5%*	*1.6%*	*2.1%*	*1.8%*	*2.9%*	*3.2%*
U.S. (Millions)	124.5	126.2	127.9	129.6	125.3	127.9	128.0	127.1	123.7	124.2	126.0	128.6
% Ch	*1.9%*	*1.4%*	*1.4%*	*1.4%*	*2.5%*	*2.1%*	*0.1%*	*-0.7%*	*1.2%*	*0.4%*	*1.5%*	*2.0%*
GOODS PRODUCING SECTOR												
Idaho (Thousands)	110.6	111.0	112.8	114.6	111.3	112.5	111.3	111.8	109.3	108.7	110.8	113.8
% Ch	*1.1%*	*0.3%*	*1.6%*	*1.6%*	*1.7%*	*1.0%*	*-1.0%*	*0.4%*	*-0.1%*	*-0.6%*	*2.0%*	*2.7%*
U.S. (Millions)	24.7	24.5	24.4	24.5	25.0	25.2	24.6	23.6	24.4	23.7	23.7	24.2
% Ch	*0.0%*	*-1.0%*	*-0.4%*	*0.3%*	*1.1%*	*0.8%*	*-2.4%*	*-3.9%*	*-1.1%*	*-3.1%*	*0.0%*	*2.1%*
SERVICE PRODUCING SECTOR												
Idaho (Thousands)	409.3	421.4	434.6	447.7	409.8	425.6	440.4	448.5	408.3	418.2	431.5	445.6
% Ch	*2.9%*	*3.0%*	*3.1%*	*3.0%*	*3.1%*	*3.8%*	*3.4%*	*1.7%*	*2.7%*	*2.4%*	*3.2%*	*3.3%*
U.S. (Millions)	99.8	101.7	103.5	105.2	100.3	102.7	103.4	103.5	99.2	100.5	102.4	104.4
% Ch	*2.3%*	*1.9%*	*1.8%*	*1.6%*	*2.8%*	*2.4%*	*0.7%*	*0.1%*	*1.8%*	*1.3%*	*1.8%*	*2.0%*
FINANCIAL MARKETS												
Federal Funds Rate	*5.6%*	*5.1%*	*4.8%*	*4.8%*	*5.8%*	*6.8%*	*5.9%*	*3.3%*	*4.9%*	*4.2%*	*3.9%*	*4.2%*
Bank Prime Rate	*8.6%*	*8.1%*	*7.8%*	*7.8%*	*8.8%*	*9.8%*	*8.9%*	*6.3%*	*7.9%*	*7.2%*	*6.9%*	*7.2%*
Mort Rate, New Homes	*7.3%*	*7.4%*	*7.3%*	*7.2%*	*7.4%*	*8.1%*	*8.4%*	*7.3%*	*7.1%*	*6.9%*	*7.0%*	*6.9%*
INFLATION												
GDP Price Deflator	*1.8%*	*1.8%*	*2.0%*	*2.2%*	*2.3%*	*3.8%*	*3.9%*	*2.9%*	*1.7%*	*1.3%*	*1.5%*	*1.7%*
Personal Cons Deflator	*1.7%*	*2.1%*	*2.4%*	*2.4%*	*2.2%*	*4.1%*	*4.7%*	*3.0%*	*1.6%*	*1.6%*	*1.8%*	*2.0%*
Consumer Price Index	*2.0%*	*2.3%*	*2.6%*	*2.7%*	*2.6%*	*4.5%*	*4.9%*	*3.0%*	*1.8%*	*1.8%*	*2.0%*	*2.2%*

Forecast Begins the THIRD Quarter of 1997

The Idaho economy displays a similar growth pattern. Namely, it advances faster than in the baseline in both 1998 and 1999, but grows slower in 2000 and 2001. Idaho nonfarm employment rises 2.8% in 1998, 3.2% in 1999, 2.5% in 2000, and 1.6% in 2001. In the baseline case this measure increases 2.5% this year, 2.4% next year, 2.8% in 2000, and 2.7% in 2001. Idaho real personal income grows 4.2% in 1998 in this scenario, followed by 4.6% in 1999, 1.9% in 2000, and 2.5% in 2001. In comparison, in the baseline case it rises 3.6% in 1998, 3.0% in 1999, and 3.3% in both 2000 and 2001.

PESSIMISTIC SCENARIO

This alternative explores the impacts of a stock market correction on the U.S. economy. Please note that it does not try to predict when this correction occurs. Instead, it attempts to show the likely progression if a correction began in the last quarter of 1997. This scenario assumes that a correction would have an indirect impact on the economy. Households watch as the market slide erodes their retirement savings. They become less optimistic about the future and more cautious with current spending. Consumers tighten their belts and put their buying plans, especially for large-ticket items, on hold. As activity slows, profit margins shrink, reducing corporate earnings. With cash flow down and the business outlook deteriorating, managers trim inventories and investment plans. As a result, real GDP declines slightly in the first three quarters of 1998.

This scenario assumes the Federal Reserve takes quick action to prevent this downturn from becoming more serious. In an effort to keep the economy afloat, it lowers its federal funds rate to 5.25% in February 1998. It continues to lower rates as the economy softens, eventually going to 3.75% in mid-2000. This helps real GDP growth to remain positive each year despite 1998’s quarterly weaknesses. Specifically, real GDP ekes out 0.9% in 1998, then advances 1.4% in 1999, 3.1% in 2000, and 3.3% in 2001. In the baseline real GDP rises 2.3% this year, 2.0% next year, and 2.5% in both 2000 and 2001.
In the *Pessimistic Scenario* the Idaho economy cruises along in a lower gear than in the baseline case during the first two years of the forecast, then shifts into higher gear. Despite growing slightly faster than its baseline counterpart in 2000 and 2001, it fails to make up for its slow start. For example, Idaho nonfarm employment grows 2.1% in 1998, 1.8% in 1999, 2.9% in 2000, and 3.2% in 2001. However, in the year 2001 employment is 559,500, which is roughly 3,000 less than in the baseline. Not surprisingly, Idaho real personal income is also less than in the baseline in 2001.